

## CHAPTER 2 - RETAIL SALES

### A. GENERAL

1. Retail sales offer small quantities of personal use, consumer type property, such as furniture, clothing, hand tools, etc. No retail store will be opened or closed without DRMS-LM approval. The DRMO Chief must submit a business case providing justification through the Forward Support Team, FOSO or DRMS-O. The following factors are considered:

a. Cost effectiveness—cost of personnel and equipment, estimated proceeds, and amount of generations of consumer type property.

b. Facilities and Equipment. Each DRMO shall contact DRMS-TN for assistance in determining appropriate modifications/alterations to their existing or proposed sales area. DRMS-TN will work with the host to assure required funding is arranged. Each DRMO will also contact DRMS-TN for assistance in obtaining equipment for their retail stores.

2. Retail Sales Schedule. Conduct retail sales on a definite schedule, so customers will know when and where sales are being held. The changing of days and hours of operation should be held to a minimum to avoid confusing the customers. Notify DRMS-LM and DRMSI-O (overseas only) anytime there is a change in the days and/or hours of operation of a retail store.

3. Identification. The retail store should be conspicuously identified. Maps should be left at the installation's main gate. Property on retail sale should be physically separated from other property.

4. Retail Sales Basis. Conduct retail sales on a "first come, first served" basis. Property will be offered on an "as is, where is" basis, at a fixed price.

5. The maximum dollar value of property sold to an individual buyer on a given sale day is \$15,000.

### B. PROPERTY ACCOUNTING.

1. Each DRMO Conducting Retail Sales. Use the Retail Data Base System (RDB) and related bar-coding equipment.

2. Account for all usable property by NSN/LSN and DTID.

3. Place property into an accumulation, specifically identifying it as retail sale.

a. Use the accumulation designator of "J" at receipt; i.e., SYCA6J01.

b. The accumulation number is constructed as follows:

(1) Physical property location (store) "SYCA".

(2) Fiscal year "6".

(3) Material screening code/retail sale indicator "J".

(4) Sequential accumulation number "01".

c. At ESD all property in the accumulation will move to RSC "J".

4. At the end of the sale day, retrieve information from the RDB program and upload for processing in the DAISY evening batch.

### C. REUTILIZATION SCREENING.

1. Transfer property to retail sale only after all required screening has been performed. Furnish appropriate screening list(s) to screeners. Exceptions to this screening policy will be on a case-by-case basis and must be fully coordinated with the GSA AUO and DRMS-TSR.

2. Property which has undergone screening can only be withdrawn from the retail store to satisfy a valid DoD or Federal civil agency need.

a. The requesting activity must submit the following:

(1) Detailed justification as to why the property is required, to include the use which shall be made of the property if withdrawn from sale.

(2) Mission impact statement from a support, procurement, and funding standpoint, if property is not withdrawn from sale: such as, effect on operational readiness requirements within a specified period of time.

b. Forward Support Teams are authorized to approve the withdrawal.

#### **D. PROPERTY ALLOWED ON RETAIL SALE.**

1. Types of property allowed to be offered by retail sales are limited to commodities approved by GSA as shown in Supplement 4.

2. All property must be DEMIL Code "A" unless specifically allowed for retail sale. At present, only small quantities of expended small arms cartridge cases (.50 caliber and under), parachutes that are mutilated, and expended shot gun shells are the only non-DEMIL "A" property allowed for retail sale in CONUS only. To ensure that no Munitions List Items (MLI) or Commerce Control List Items (CCLI) are sold on retail sale the DRMO will:

a. DRMO Chiefs will sign the following certification statement and maintain this statement in the Retail Sales file. .

b. ***"I (or my designee) have physically inspected this property, and taken appropriate action to ensure management that only DEMIL Code A property (unless specifically allowed for Retail Sale) is being offered on Retail Sale. I certify to the best of my knowledge this sale contains no MLI/CCLI property."***

(NAME AND DATE)

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3. Do not sell batch lots on retail sale.

4. There are items in hazardous Federal Supply Classes (FSCs) which do not meet any Federal, state, or Overseas Environmental Baseline Guidance Document (OEBGD) definition of an environment hazardous waste, substance, or material that are considered hazardous solely because of the potential exposure to the person using them. Items meeting this criteria, once approved can be sold on retail sale. DRMS-LHP maintains a listing of all approved hazardous items for sale at the local level at the DRMS web site. International DRMOs will receive approval through DRMSI-H.

5. Commercially Available Hazardous Property in Consumer Quantities

a. General. Sell commercially available hazardous property in consumer quantities on retail sales, under the conditions described below. Buyers who purchase items sold under this policy do not require pre/post award inspections. Coordinate with the DRMS-LM, by telephone, facsimile or E-MAIL to determine the appropriate sales method (national or retail) for this type of property. This policy is intended for property that is not economical for national sale or has failed national sale. The purpose is to sell good useable property at a fair market value. It is not intended to be used as an outlet for the sale of marginal property at a low price in order to avoid paying disposal costs.

**NOTE: DRMSI may tailor the following to meet overseas regulations and country-to-country agreements.**

b. Requirements for Eligibility. To be eligible for retail sale, an item must meet the following conditions:

(1). The item must be commercially available to the public. "Commercially available" is defined as any item that is available to the general public at a composition and unit of issue (container size and type) normally sold in retail establishments for home or business use.

**NOTE: The item must be packaged in a volume that is consistent with consumer use.**

(2) The item must be:

- (a) A commercial name brand product.
- (b) Unused.
- (c) In its original container.
- (d) In good condition and its shelf life must not be expired or near expiration.

(3) The item must be commercial name brand and cannot be a DoD/GSA label equivalent of a commercial brand, it must possess the same/similar composition and unit of issue as a commercial product available to the general public. In addition, a Material Safety Data Sheet (MSDS) must be available to a buyer if MSDS requirements apply to the item.

(4) The item is not manufactured to only serve a military purpose; that is:

- (a) It does not meet a unique DoD specification or composition that makes it different from the commercially available brand product equivalent,
- (b) Its only intended manufactured use was for military application, or
- (c) There is no commercially available equivalent.

c. Quantity Restriction

(1) Establish a maximum quantity per commodity per buyer that would be reasonable for personal use (such as, 1-2 cans, 1 case per buyer). This prevents buyers from purchasing commodities intended for future resale or speculative accumulation by restricting the quantity sold per buyer.

(2) Determine quantity restriction based upon commodity and not specific items. For example, if a DRMO is selling numerous kinds of paint (several NSNs), the commodity restriction applies to the total quantity of paint a buyer may purchase not the quantity per type of paint.

d. Retail Sale Item Approval.

(1) All items must meet the requirements of paragraph D5b above. Document all items on the Hazardous Material Item/Commodity Retail Sales Sheet (see Supplement 4). The DRMO will:

(a) Recommend a maximum quantity limit per customer per sale for each item, according to paragraph D5c.

(b) Determine the local price, according to paragraph E.

(2) Forward a copy of the above documentation to DRMS-LHP and DRMSI-H at least 10 days before sale.

(3) DRMS-LHP will review the information and will:

(a) Notify the DRMO within 10 days if they concur with the item, quantity restriction, and/or market price.

(b) Forward a copy of the documentation to DRMS-LHP for all approved items.

(4) Approval for future sales of the same item, price, and quantity is not required. However, any deviation from the sales price or quantity must receive DRMS-LHP and DRMSI-O approval.

e. Notification of Applicable Article. Notify buyers of applicable terms and conditions associated with the sale of commercially available hazardous property on retail sales. Use Sale By Reference, Mar 94, Part 2, Article 26. Notify buyers in the following manner of that special circumstance article:

(1) Post the special circumstance article in the retail sale area. Also post a sign or highly visible note to explain that the article applies when indicated on the items.

(2) Have copies of the special circumstance article available to buyers.

(3) Mark applicable items to indicate that the special circumstance article applies. This may be accomplished through one of several methods:

(a) Affix a copy of special circumstance article to item using label, tag, rubber stamp or similar means.

(b) During checkout, provide a copy of the special circumstance article to buyer.

(c) Cross reference the special circumstance article to item by marking item with, as a minimum, identifying numbers/letters corresponding to the special circumstance article on posted/printed list; for example, "Sale By Reference, Mar. 94, Part 2 ,Article 26 applies."

f. Compliance and Record-keeping Requirements. Establish and maintain records to verify compliance with this policy.

(1) The record must include the information in paragraph D5e and all applicable documentation pertaining to the retail sale of the item.

(2) Use file number 650.54 Hazardous Property Sales Contracts instead of file number 650.30 Auction and Retail Sale Files for HM retail sale records.

(3) Verification of compliance will be accomplished through Quality Visits.

g. Recording Retail Sale Transactions

(1) Change the record status code (RSC) to J on hazardous property sold by retail sales using the RSC change (DTID) screen which is included in the Hazardous Menu. Do not downgrade the property to scrap.

(2) Use the sale/shipment (DTID) screen in the Marketing Menu to record quantity sold and proceeds received for each DTID.

(3) When a balance remains, process the sale/shipment (DTID) transaction and indicate this is a partial shipment to keep record open.

(4) Property will not remain in RSC J over 90 days.

(5) To process unsold items (DTIDs) out of RSC J, use the rollback DTID to RSC screen. The site/storage location can also be changed on this screen.

6. Property Requiring Special Handling.

a. Bedding and upholstered items. Bedding and upholstered items may be sold by retail sale if permitted by state law in the state where the store is located. Submit all required information to the appropriate state health agency. International DRMOs must abide by host country laws and regulations where the DRMO is located.

b. Categories of scrap property that may be sold by retail sale include lumber, wood, tires, ashes and cinders. Scrap property will be identified by the appropriate SCL and the unit of issue will be "lb".

c. Expended small arms cartridge cases. Expended small arms cartridge cases (.50 caliber and under) may be sold in CONUS as follows:

(1) 500 lbs. maximum per sale day per location.

(2) 2000 lbs. maximum per month per location.

(3) Multiple lots may be sold to individual buyers.

(4) A completed End-Use Certificate will be required from each purchaser. Check the EUC for completeness and accuracy prior to removal of the property from the DRMO. Forward the completed EUC to the servicing Defense Logistics Support Center, Trade Security Control Resident Office and retain one copy at the DRMO.

(5) A notification statement that "Property purchased cannot be exported or sold to any parties outside of the U.S. without total destruction", will be signed by each purchaser and filed with the EUC retained at the DRMO.

d. Wooden ammunition boxes. Ensure that DRMS Form 941, Statement for Wooden and Ammo Boxes (lumber) Sold at Retail Sale is completed by each purchaser prior to release of any boxes sold on retail sale. Attach the completed form to the applicable sale receipt or place in the retail sale file.

#### **E. PRICING.**

1. Each DRMO will have a price list signed by the DRMO Chief and Forward Support Team. Prices will not vary from the price list without the approval of the Forward Support Team. Prices for items not on the list can be verbally coordinated with the Forward Support Team, however this should be the exception not the rule. The Forward Support Team will ensure there is consistent pricing for like items within the zone and will notify DRMO Chiefs if price changes are to be made.

2. Base prices on a number of factors, such as, demand, material condition, past experience gained from competitive bid sales and prevailing retail prices for similar items on the local market. Prices must not be lower than that received for comparable property sold by competitive bid and should be set at no less than 80 percent of local retail prices for similar items in the same condition.

3. All property must be pre-priced/pre-tagged before the store opens. If the property is such that it cannot be identified with a label, display the price prominently next to the item(s). Any and all bulk/quantity discounts must also be prominently displayed and available for all buyers. No bulk/quantity discount can be given otherwise.

4. If property cannot be sold at its initially established selling price, adjust the selling price downward a maximum of 10 % per month until sold. However, do not reduce the price below what it would bring by competitive bid. No prices will be lowered during the course of a given sale day.

5. If retail sale property cannot be sold after a reasonable period of time at the reduced price, the property may be offered by another sale method or downgraded to scrap.

#### **F. PAYMENT.**

1. Forms of payment for retail sale property include:

a. Cash.

b. Guaranteed negotiable instruments made payable to or endorsed to the U.S. Treasury in any form (such as, cashier's check, certified check, traveler's check, bank draft and/or postal or telegraphic money order) When accepting checks, money orders, etc., they should be for the amount of purchase.

c. U. S. Treasury approved credit cards and debit cards.

d. Combinations of the above are acceptable as payment.

2. Each day the retail store will prepare DD Form 1131(s) for the property sold. A separate DD Form 1131 will be prepared for (a) cash received including traveler's checks/money orders and (b) credit cards payments each day. See Volume VI for instructions on completing the DD Form 1131.

3. Provide each customer with a receipt indicating the purchase price and method of payment, e.g., cash or credit card.

#### **G. RETURNS/REFUNDS.**

1. Returns and/or refunds are allowed for retail sale property on the day of sale only.

2. Inspect property to determine if any obvious damage has occurred since the property was purchased.

3. Any refunds will be in the same manner as the original purchase, cash for cash or credit to credit card.

4. Treat any approved checks accepted as follows:

a. If the return and subsequent refund is for the amount of the check used as payment, return the check to the customer.

b. If a customer pays for more than one item with a check and returns less than all of the items, advise the customer that the amount of the refund will be sent to them by check from DFAS-CO, in approximately 2-4 weeks.

**NOTE: A notice will be posted advising customers of this policy.**

#### **H. SECURITY.**

1. DRMOs approved to conduct retail sales are required to comply with all security requirements specified by DRMS-DDS and/or host installation security.

2. During scheduled hours of operation all retail stores will be staffed with at least two DRMO employees or one employee and video surveillance.

#### **I. PUBLICITY.**

Ensure maximum use of all means available to advertise retail sales, for example, paid advertising, free media use, and mailing flyers to known retail sale customers. DRMS-LM will provide media kits to use for advertising purposes.